

1 AN ACT in relation to home equity programs.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Home Equity Assurance Act is amended by
5 changing Section 3 and by adding Section 4.3 as follows:

6 (65 ILCS 95/3) (from Ch. 24, par. 1603)

7 Sec. 3. Definitions. For the purposes of this Act:

8 (a) "Bona fide offer" means an offer made in good faith
9 and for a valuable consideration to purchase a qualified
10 residence.

11 (b) "Certificate of participation" means the duly
12 notarized document of membership in a program, signed by the
13 qualified applicant and by an authorized representative of
14 the governing commission, which specifies the location and
15 description of the guaranteed residence, its guaranteed
16 value, the registration date, and which has attached a
17 program appraisal for the guaranteed residence.

18 (c) "Community organization" means a not-for-profit
19 organization which has been registered with this State for at
20 least 5 years as a not-for-profit organization, which
21 qualifies for tax exempt status under Section 501 (c) (3) or
22 501 (c) (4) of the United States Internal Revenue Code of
23 1986, as now or hereafter amended, which continuously
24 maintains an office or business location within the territory
25 of a program together with a current listed telephone number,
26 and whose members reside within the territory of a program.

27 (d) "Eligible applicant" means a natural person who is
28 the owner of a qualified residence within the territory of a
29 program who continuously occupies or has a family member who
30 occupies such qualified residence as the principal place of
31 residence.

1 (e) "Family member" means a spouse, child, stepchild,
2 parent, grandparent, brother, sister, or any such relations
3 of the spouse of the member.

4 (f) "Governing commission" means the 9 member (or 18
5 member in the case of a merged program or the number of
6 members required under Section 4.3 in the case of the
7 transfer of territory between programs) governing body which
8 is authorized by voter approval of the creation of a home
9 equity program (or merger of programs or transfer of
10 territory between programs) as provided in this Act. The
11 members shall be and-which-is appointed by the mayor of the
12 municipality in which the program has been approved with the
13 approval of the city council. Seven members⁷⁻⁷ (or 14 in the
14 case of a merged program) of the commission and any members
15 appointed under Section 4.3 whom shall be appointed from a
16 list or lists of nominees submitted by a community
17 organization or community organizations as defined in this
18 Act.

19 (g) "Gross selling value" means the total consideration
20 to be paid for the purchase of a guaranteed residence, and
21 shall include any amount that the buyer or prospective buyer
22 agrees to assume on behalf of a member, including broker
23 commissions, points, legal fees, personal financing, or other
24 items of value involved in the sale.

25 (h) "Guarantee fund" means the funds collected under the
26 provisions of this Act for the purpose of guaranteeing the
27 property values of members within the territory of a program.

28 (i) "Guaranteed residence" means a qualified residence
29 for which a certificate of participation has been issued,
30 which is occupied continuously as the place of legal
31 residence by the member or a family member, which is
32 described in the certificate of participation, and which is
33 entitled to coverage under this Act.

34 (j) "Guaranteed value" means the appraised valuation

1 based upon a standard of current fair market value as of the
2 registration date on the qualified residence as determined by
3 a program appraiser pursuant to accepted professional
4 appraisal standards and which is authorized by the commission
5 for the registration date. The guaranteed value shall be
6 used solely by the commission for the purpose of
7 administering the program and shall remain confidential.

8 (k) "Member" means the owner of a guaranteed residence.

9 (l) "Owner" means a natural person who is the legal
10 titleholder or who is the beneficiary of a trust which is the
11 legal titleholder.

12 (m) "Physical perils" means physical occurrences such
13 as, but not limited to, fire, windstorm, hail, nuclear
14 explosion or seepage, war, insurrection, wear and tear,
15 cracking, settling, vermin, rodents, insects, vandalism,
16 pollution or contamination, and all such related occurrences
17 or acts of God.

18 (n) "Program" means the guaranteed home equity program
19 governed by a specific home equity commission.

20 (o) "Program appraisal" means a real estate appraisal
21 conducted by a program appraiser for the purpose of
22 establishing the guaranteed value of a qualified residence
23 under a program and providing a general description of the
24 qualified residence. The program appraisal shall be used
25 solely by the governing commission for the purpose of
26 administering the program and shall remain confidential.

27 (p) "Program appraiser" means a real estate appraiser
28 who meets the professional standards established by the
29 American Institute of Real Estate Appraisers (AIREA), the
30 National Association of Independent Fee Appraisers (NAIFA),
31 the National Society of Real Estate Appraisers (NSREA) or the
32 American Society of Appraisers (ASA) and whose name is
33 submitted to the governing commission by the appraiser to
34 conduct program appraisals under the provisions of a program.

1 (q) "Program guidelines" means those policies, rules,
2 regulations, and bylaws established from time to time by the
3 governing commission to explain, clarify, or modify the
4 program in order to fulfill its goals and objectives.

5 (r) "Qualified residence" means a building: (1) located
6 in the territory of a program having at least one, but not
7 more than 6, dwelling units; (2) classified by county
8 ordinance as residential and assessed for property tax
9 purposes; and (3) with at least one dwelling unit
10 continuously occupied as the principal legal residence of a
11 member or family member.

12 (s) "Registration date" means the date of receipt by the
13 governing commission of the registration fee and a completed
14 application of a qualified applicant for participation in a
15 program.

16 (t) "Registration fee" means the fee which is
17 established by the governing commission to defray the cost of
18 a program appraisal on a qualified residence.

19 (Source: P.A. 86-684.)

20 (65 ILCS 95/4.3 new)

21 Sec. 4.3. Transfer of territory.

22 (a) In a municipality with more than 1,000,000
23 inhabitants, territory may be transferred from one existing
24 home equity program to another existing, contiguous home
25 equity program. The question of transferring territory must
26 be initiated by a petition signed by not less than 10% of the
27 total number of registered voters who are eligible to sign
28 the petition who are residing in the territory to be
29 transferred and either (i) a resolution or ordinance of the
30 governing commission of the program to which the territory
31 will be transferred or (ii) a petition signed by not less the
32 10% of the total number of registered voters eligible to sign
33 the petition who are residing in the geographic area of the

1 program to which the territory will be transferred. It is the
2 duty of the election authority having jurisdiction over the
3 municipality to submit the question of transferring territory
4 to the electors of the program to which the territory is
5 being transferred and the electors residing in the territory
6 to be transferred at the regular election specified in the
7 resolution, ordinance, or petition initiating the question.
8 A petition initiating the question described in this Section
9 must be filed with the election authority having jurisdiction
10 over the municipality. The petition must be filed and
11 objections to the petition must be made in the manner
12 provided in the Election Code. A resolution, ordinance, or
13 petition initiating a question described in this Section must
14 specify the election at which the question is to be
15 submitted. The referendum on the question must be held in
16 accordance with the Election Code. The question, and the
17 resolution, ordinance, or petition initiating the question,
18 must include a description of the territory to be transferred
19 and the maximum rate at which a property tax may be levied on
20 the taxable property in the transferred territory. All of
21 the geographic area of the territory described in the
22 question shall be transferred, and no area outside of the
23 geographic boundaries of the territory described in the
24 question may be transferred. If the election authority
25 determines that the description cannot be included within the
26 space limitations of the ballot, the election authority must
27 prepare large printed copies of a notice of the question that
28 must be prominently displayed in the polling place of each
29 precinct in which the question is to be submitted.

30 (b) All proceedings and meetings of the governing
31 commission must be conducted in accordance with the Open
32 Meetings Act.

33 Upon the transfer of territory from one program to
34 another, the members in the transferred territory are members

1 of the program to which the territory is transferred. Any
2 registration fee required by the program to which territory
3 is transferred for new members must be waived with respect to
4 transferred members. Program appraisals of a transferred
5 member's property must be accepted by the program to which
6 the territory is transferred. The program to which the
7 territory is transferred, including the transferred
8 territory, shall be operated as a single program.

9 (c) When transferred territory is added to a program, an
10 additional commissioner who is a resident of the transferred
11 territory must be appointed by the mayor from a list of
12 nominees submitted by a community organization or community
13 organizations, as defined in this Act, to the governing
14 commisson of the program to which the territory is
15 transferred. A community organization's list may not
16 recommend more than 3 individuals.

17 If the total number of registered voters in the
18 transferred territory exceeds 20% of the total number of
19 registered voters in the geographic area of the program to
20 which the territory was transferred as it existed before the
21 transfer, then 2 additional commissioners who are residents
22 of the transferred territory must be appointed. For each
23 additional increase of 10% of the total number of registered
24 voters in the transferred territory as compared to the total
25 number of registered voters in the geographic area of the
26 program to which the territory was transferred as it existed
27 before the transfer, an additional commissioner who is a
28 resident of the transferred territory must be appointed. A
29 community organization may recommend not more than 3
30 individuals for the office of each additional commissioner.

31 The commissioner or commissioners representing the
32 transferred territory shall serve an initial term of 3 years.
33 Successors shall be appointed for a 3-year term or until
34 their successors are appointed and qualified. No

1 commissioner may serve more than 2 consecutive terms. A
2 vacancy in the office of commissioner shall be filled in the
3 same manner as the original appointment.